

John W. Huber (Utah Bar No. 7226)
Daniel J. Wadley (Utah Bar No. 10358)
Marc T. Rasich (Utah Bar No. 9279)
Alexander Baker (Utah Bar No. 17163)
GREENBERG TRAURIG, LLP
222 South Main Street, Suite 1730
Salt Lake City, Utah 84101
Telephone: (801) 478-6900
john.huber@gtlaw.com
wadleyd@gtlaw.com
marc.rasich@gtlaw.com
bakera@gtlaw.com

Attorneys for Defendants

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH**

ERIC SCHIERMEYER, Derivatively on Behalf
of Nominal Defendant, BLOCKCHAIN GAME
PARTNERS, INC. D/B/A GALA GAMES,

Plaintiff,

vs.

WRIGHT W. THURSTON and TRUE NORTH
UNITED INVESTMENTS, LLC,

Defendants,

and

BLOCKCHAIN GAME PARTNERS, INC.
D/B/A BGP GAMES,

Nominal Defendant.

**DECLARATION OF WRIGHT
THURSTON IN SUPPORT OF SUR
REPLY TO REPLY TO OPPOSITION
TO MOTION TO FREEZE ASSETS**

Case No. 2:23-cv-00589-HCN-DAO

Judge Howard C. Nielson

Magistrate Judge Daphne A. Oberg

1. I, Wright Thurston, am over the age of 18 and have personal knowledge of the facts in this declaration. If asked to testify, I could and would competently testify thereto.

2. This is the second declaration I have submitted relating to Eric Schiermeyer's Motion for a Temporary Restraining Order, and it supplements and adopts the assertions and definitions contained in my first declaration (Dkt. 28).

3. In the process of creating the Gala blockchain, my team and I hard-forked a previous blockchain project that already had working software called the Green blockchain and the Connect win distribution formula and code, which both utilized the proof of action protocol. Both were invented and utilized previous to the BGP application. The initial blockchain code for BGP was a near clone of the Green blockchain. Of course, we made alterations to the code so that it would perform functions unique to the use case of BGP.

4. In or about September 2020, we ran the first live production test of the BGP blockchain software distribution. Schiermeyer calls this test the "initial distribution." But, as Schiermeyer well knows but fails to disclose, the initial distribution was simply part of the test process designed to ensure that the distribution software was working correctly. It was a standard process first using Testnet and Testnet crypto assets before launching the blockchain on Mainnet then launching the software on Mainnet where users test the distribution with Mainnet blockchain assets and provide feedback. Next, after fixing all reported bugs, the distribution is reset before going live. Finally, before going live the community is alerted that the blockchain distribution is going to happen and that all nodes should be turned on. Schiermeyer did not want to follow this process and aborted after the first Mainnet test.

5. The initial distribution was not designed or intended to reflect the amount of GALA earned or to establish Schiermeyer's alleged GALA treasury. In fact, the test distribution also included the owners of Sandbox (who had started working with BGP but whose business had not yet been officially acquired and who had not purchased nodes personally) and some others who also did not own any nodes. This is why, when closing the Sandbox acquisition, we reduced the payment to the owners of Sandbox by the amount of earned GALA received in the test distribution—they owned no nodes and had done no work to earn the GALA that ended up in their individual wallets during the test.

6. Schiermeyer and I also agreed to create a separate fund with two billion GALA for games acquisition which funded by the GALA the two of us individually received in our personal wallets during the test distribution. There would be no reason to create such a fund if BGP had a approximately 20.9 billion GALA fund to do with as it pleased.

7. Schiermeyer points to several text messages without my responses or relegates my response to a footnote in his Reply. Attached as exhibit A to this declaration is a text string in which I clearly explain that I don't have any company GALA, that I have not been selling off GALA on Coinbase, confirm that BGP's sale of large quantities of GALA (presumably at Schiermeyer's directions) is harming the price of GALA and BGP, and request that BGP sell non-crypto assets to support further operations instead of selling GALA.

8. Schiermeyer points to a screenshot of code commentary reproduced in the second declaration of Travis Allen as so-called proof of the existence of an agreed treasury. But Schiermeyer again fails to disclose that the 75/25 split at the time of the test distribution reflects the actual distribution of nodes between True North and Schiermeyer (who combined owned

more than 75% of the nodes) and the rest of the node owners (who owned approximately 25% of the nodes).

9. Schiermeyer and I agreed not to operate our most of our nodes going forward after migration to the Ethereum blockchain so that the node software would remain stable for hosting purposes while we further developed the code. Thus, the 75/25 split of distributed GALA maintained the actual percentage (or more) of nodes, split between True North and Schiermeyer on the one hand, and other node owners on the other. When this first happened, Eric and True North owned 84% of all nodes operating. Later, the percentages were later reduced to 50/50 to track with the overall actual node ownership after more nodes were sold and operating.

10. Before the percentage was reduced to 50/50, I wrote to Schiermeyer to reiterate that BGP should go back to the original model because the technology was able to perform as intended. If we had gone back to the original model, our percentages would have naturally reduced to 35% of the nodes running over time. BGP was never designed to have a tax on the users.

11. On or about May 15, 2023, Schiermeyer stole and burned True North's holdings of GALA. After Schiermeyer carried out his scheme, I turned on all of True North's nodes that had been turned off up until that point. This was in direct reaction to Schiermeyer stealing True North's percentage of the distribution by claiming a fake GALA treasury and controlling the hard-coded distributions.

12. Since that time, I have repeatedly requested that BGP remove the hard-coded distribution so that the daily GALA could be distributed according to actual node ownership and operation. Schiermeyer has refused. I felt, and still feel, that turning off this hard-coded

distribution is necessary for the health of BGP as a company and is consistent with the original intent behind how BGP would operate. This hard-coded distribution has become a tax on Gala founders node owners because BGP is keeping it while not owning any founder's nodes. None of this has been approved by the BGP Board of Directors.

13. Allen was a software engineer, but never was a decision maker at BGP. The screenshot of a small section of the code he included in his declaration shows commentary that was written by user "jaydenjl33," a handle belonging to another software engineer named Jayden Johnson (who curiously did not provide a declaration). While Allen has shown a correct image of the software code commentary that directed distribution of the GALA tokens, he did not, and cannot, include any explanation for why it is labeled "company" or what this even meant. This is simply a label not a definition of where these rewards would go. "

14. The portion of GALA distributed through the 75% and labeled "company" was always intended for Schiermeyer and True North according to node ownership. Schiermeyer and I, as founders and board members, agreed to this verbally multiple times. This model was also used during the acquisition of Sandbox Games. Sandbox games founders owned 10% of BGP stock, but held their nodes personally, and personally owned all rewards it generated.

15. Additionally, True North did not run any of its 7,000 nodes during the time frame that this distribution amount was allocated through the code seen in Allen's declaration. Neither should Schiermeyer have run his 7,000 nodes. Again, this was intentional as the coding shown was a temporary fix because the technology was not stable. The distribution was hard-coded to go through one node to provide GALA tokens according to Schiermeyer and True North's node ownership.

16. During at least one board meeting (which Jason Brink cites to in his second declaration), I brought up the subject of treasury management to discuss with the BGP board. Brink and Schiermeyer consider this as evidence that I admitted to the existence of a GALA treasury. But this is not accurate, as “treasury management” is a common industry term referring to managing a company’s *daily cash flow* and other decisions when it comes to finances. A simple Google search confirms this fact and includes advertisement for treasury management services at many major financial institutions. *See, e.g.*, <https://www.moderntreasury.com/learn/treasury-management> (one of the first results).

17. In each of the text messages included in Schiermeyer’s declaration where I used the term “treasury management,” I was referring to how BGP should have been managing their revenues and profits to optimize the potential of these holdings. I was not talking about creating and managing a custodial treasury holding digital assets such as GALA, NFT’s, SILK, TOWN or other related projects. BGP needed to make sure it had enough reserves with short-term liquidity balanced by investing some of the profits and revenues in long-term investments that could yield additional profits for BGP.

18. Any GALA earned through the blockchain distribution (other than revenue generated by the sale of nodes or in-game purchases) would not belong to BGP because all non-revenue GALA was earned through node licenses, and BGP did not own any node licenses. Again, neither Schiermeyer, myself, nor the BGP Board of directors ever approved or signed a board resolution creating a company “treasury” to hold GALA earned through the blockchain distribution. All “treasury management” discussions were related to revenues and profits taken in through BGP sales of nodes or in game purchasing as described in the “Howey” memo.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

DATED: September 19, 2023

/s/Wright Thurston
Wright Thurston

CERTIFICATE OF SERVICE

I hereby certify that on 19 September 2023, a true and correct copy of the foregoing was filed with the Court's electronic filing system and thereby served on counsel of record.

Paul W. Shakespear
Cameron Cutler
Natalie Beal
SNELL & WILMER LLP
15 West South Temple, Suite 1200
Gateway Tower West
Salt Lake City, UT 84101
pshakespear@swlaw.com
ccutler@swlaw.com
nbeal@swlaw.com

Abram L. Moore
Christian A. Zazzali
K&L GATES LLP
70 West Madison Street, Suite 3100
Chicago, IL 60602
abe.moore@klgates.com
christian.zazzali@klgates.com

GREENBERG TRAURIG, LLP

/s/_____